

Message Text

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ORIGIN OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 TRSE-00 OMB-01

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DRAFTED BY OPIC/ID/LA:BTMANSBACH

APPROVED BY EB/IFD/OIA:RJSMITH

OPIC/ID/LA:BTMANSBACH

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ARA/BR:JSLATTERY

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R 182210Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

UNCLAS STATE 143425

E.O. 11652: N/A

TAGS: EINV

SUBJECT: CUMMINS DIESEL INTERNATIONAL LTD. - OPIC INSURANCE
CONTRACT 8513

FOR:COURTNEY

1. REFERENCED OPIC INSURANCE CONTRACT WAS ISSUED TO INVESTOR ON JUNE 27, 1974 COVERING A FIFTEEN MILLION DOLLAR INVESTMENT BY CUMMINS DIESEL IN CUMMINS INDUSTRIAS, S.A. OF FIFTEEN MILLION DOLLAR INVESTMENT, TEN MILLION DOLLARS WAS CONTRIBUTED AS EQUITY AND FIVE MILLION DOLLARS AS DEBT. ORIGINAL REGISTRATION LETTER PROJECTED INVESTMENT AT EIGHT POINT SIX MILLION DOLLARS. CUMMINS HOLDS TWO FOREIGN GOVERNMENT APPROVALS (FGA) TOTALLING TEN MILLION, ONE FOR FIVE MILLION DOLLARS IN EQUITY AND THE SECOND FOR FIVE MILLION DOLLARS IN DEBT, BOTH ISSUED 13 AUGUST 1973.

2. BECAUSE INVESTMENT TOTALLED FIFTEEN MILLION DOLLARS AND FGAS COVERED ONLY TEN MILLION DOLLARS, SUBJECT IN- UNCLASSIFIED

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SURANCE CONTRACT REQUIRED CUMMINS TO OBTAIN ADDITIONAL

FGA FOR FIVE MILLION DOLLAR DIFFERENCE. CUMMINS HAS BEEN TRYING UNSUCCESSFULLY TO GET ADDITIONAL FGA AND WE ARE ADVISED BY SWADESH S. KALSI, CUMMINS' CORPORATE ATTORNEY, THAT DIFFICULTY ARISES FROM CENTRAL BANK UNWILLINGNESS TO ISSUE

ADDITIONAL FGA WHEN ORIGINAL REGISTRATION FORM (A COPY OF WHICH WAS PROVIDED TO THE CENTRAL BANK) SHOWS PROSPECTIVE INVESTMENT AT EIGHT POINT SIX MILLION DOLLARS.

3. REQUEST EMBASSY ADVISE CENTRAL BANK THAT REGISTRATION FORM IS VERY PRELIMINARY DOCUMENT DESIGNED ONLY TO PROVIDE NOTICE OF INTENTION TO USE OPIC PROGRAMS AND THAT INFORMATION CONTAINED THEREIN IS USUALLY, AND IN CUMMINS' CASE HAS BEEN, UPDATED THROUGH FORMAL APPLICATION. PLEASE ASSURE CENTRAL BANK THAT OPIC IS AND HAS BEEN FULLY AWARE OF THE FIFTEEN MILLION DOLLAR MAGNITUDE OF THE CUMMINS INVESTMENT AND SUPPORTS THE COMPANY'S PETITION FOR AN ADDITIONAL FOREIGN GOVERNMENT APPROVAL. INGERSOLL

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Draft Date: 18 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Unique ID: 00
Drafter: BTMANSBACH
Enclosure: n/a
Executive Order: N/A
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Margaret P. Grafeld
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